

Message Text

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PAGE 01 OECD P 17131 01 OF 03 021426Z

53

ACTION OES-05

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 NEA-10 ISO-00 SSO-00

NSCE-00 USIE-00 INRE-00 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01 OIC-02

NRC-07 /138 W

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O R 021412Z JUL 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 7794

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY ANKARA

AMEMBASSY BERN

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AMEMBASSY CARACAS

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PAGE 02 OECD P 17131 01 OF 03 021426Z

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UNCLAS SECTION 01 OF 03 OECD PARIS 17131

KUWAIT PASS BAGHDAD

E.O. 11652: N/A

TAGS: ENRG, OECD

SUBJECT: IEA GOVERNING BOARD: DAVIGNON PRESS CONFERENCE

1. DAVIGNON MET WITH PRESS AT 6 P.M. ON JULY 1. PRESS CONFERENCE LASTED APPROXIMATELY ONE HOUR AND DEALT WITH GOVERNING BOARD ACTIONS ON (A) THE DIALOGUE AND (B) THE LONG TERM PROGRAM, WITH PARTICULAR EMPHASIS ON THE MINIMUM SAFEGUARD PRICE (MSP). FOLLOWING SUMMARIZES SUBSTANCE OF DAVIGNON'S STATEMENTS TO THE PRESS.

2. ON THE DIALOGUE: DIALOGUE SHOULD BE RESUMED AS SOON AS POSSIBLE. PREPARATION FOR ITS RESUMPTION IS A PRIORITY MATTER FOR THE IEA. IN ANY EVENT, IEA COUNTRIES HOPE THAT AGREEMENT TO RESUME WILL BE REACHED BEFORE THE UN SPECIAL SESSION CONVENES.

3. PREPCON SHOULD BE RECONVENED WITH THE SAME PARTICIPANTS AND IN THE SAME FORMAT AS BEFORE.

4. THREE EQUAL BUT SEPARATE COMMISSIONS SHOULD BE CREATED TO DEAL WITH ENERGY, RAW MATERIALS AND DEVELOPMENT. IEA MEMBERS ATTACH SOME IMPORTANCE TO EACH SUBJECT AREA. COMMISSIONS SHOULD ESTABLISH THEIR OWN TERMS
UNCLASSIFIED

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PAGE 03 OECD P 17131 01 OF 03 021426Z

OF REFERENCE, TIMETABLE, ETC. THERE WILL BE NO LIMITATION ON THEIR WORK OR ON THE SUBJECTS THEY MAY DISCUSS. THIS IS A BETTER APPROACH THAN TRYING TO DEFINE SPECIFIC TERMS OF REFERENCE IN ADVANCE.

5. THERE COULD BE A LARGER MEETING OF FROM 24-27 COUNTRIES THAT WOULD TAKE PLACE AFTER THE MEETING OF THE PREPCON AND BEFORE THE COMMISSIONS BEGIN THEIR WORK. IT

MAY BE THAT THE PREPCON PARTICIPANTS MAY DECIDE THAT THIS LARGER GROUP WILL LAUNCH THE WORK OF THE THREE COMMISSIONS. IT IS AN OPEN QUESTION FOR THE IEA WHETHER A MEETING OF THIS KIND WOULD BE DESIRABLE. WE WELCOME THE VIEWS OF OTHERS ON THIS POINT.

6. SIZE AND COMPOSITION OF COMMISSIONS WILL HAVE TO BE DISCUSSED. CLEARLY THEY WILL BE RESTRICTED GROUPS. THERE ARE A NUMBER OF OPEN QUESTIONS. FOR EXAMPLE, WHEN DIFFERENT RAW MATERIALS ARE TREATED, IT COULD BE THAT DIFFERENT COUNTRIES SHOULD BE PRESENT FOR THE DISCUSSIONS. DECISIONS IN COMMISSIONS WOULD BE MADE ON UNANIMOUS BASIS.

7. ON LINKAGE. COMMISSIONS ARE SEPARATE, BUT IT WOULD BE NATURAL THAT THEY KEEP EACH OTHER INFORMED. FOR EXAMPLE, EACH MAY DEAL WITH ASPECTS OF FINANCIAL AND MONETARY ISSUES. SOME PARTICIPANTS WILL FEEL MORE STRONGLY ABOUT THE LINKAGE OF THE WORK OF THE COMMISSIONS THAN OTHERS. THESE PARTICIPANTS WILL BE FREE TO HOLD UP PROGRESS IN ONE COMMISSION IF THEY ARE DISSATISFIED WITH PROGRESS IN OTHER COMMISSIONS.

8. IEA MEMBER COUNTRIES WILL PUT FORWARD THESE IDEAS-- THEY SHOULD BE CONSIDERED IDEAS AND NOT PROPOSALS--TO THE OTHER PARTICIPANTS IN THE KLEBER MEETING IN THE

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PAGE 01 OECD P 17131 02 OF 03 021428Z

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SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01 OIC-02

NRC-07 /138 W

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O R 021412Z JUL 75
FM USMISSION OECD PARIS
TO SECSTATE WASH DC IMMEDIATE 7795
INFO AMEMBASSY ABU DHABI
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PAGE 02 OECD P 17131 02 OF 03 021428Z

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UNCLAS SECTION 02 OF 03 OECD PARIS 17131

WEEKS TO COME. THE GOVERNING BOARD WILL TAKE UP THIS
SUBJECT AGAIN AT ITS END-JULY MEETING. WHAT IS NEEDED
BEFORE THE PREPCON CAN RESUME IS "A MEETING OF THE
MINDS." TO ACHIEVE THIS THE IEA COUNTRIES ARE PUTTING
FORTH THEIR PRACTICAL IDEAS BASED ON THE EXPERIENCE OF

THE FIRST PREPARATORY MEETING.

9. THE FRENCH ARE WELL-INFORMED REGARDING THESE SUBJECTS. IN PARTICULAR THE FRENCH PARTICIPATE IN THE EC CAUCUSES WHICH TAKE PLACE PRIOR TO GOVERNING BOARD MEETINGS. HOWEVER, IT WOULD NOT BE PROPER FOR ME TO COMMENT DIRECTLY ON THE ATTITUDE OF THE FRENCH.

10. THE IEA AS AN AGENCY, HAS A CONTRIBUTION TO MAKE TO THE WORK OF THE ENERGY COMMISSION. IEA MEMBER COUNTRIES BELIEVE IT WOULD BE DESIRABLE FOR THE AGENCY TO PARTICIPATE IN THIS WORK. THE AGENCY DOES NOT, OF COURSE, HAVE A MANDATE IN THE RAW MATERIALS OR DEVELOPMENT AREAS.

11. ON THE LONG-TERM COOPERATION PROGRAM AND THE MSP: THE GOVERNING BOARD AGREED ON MARCH 20 THAT LONG-TERM COOPERATION WOULD BE APPROACHED AS A PACKAGE. THE MSP IS ONE ELEMENT OF THE PACKAGE. WE FOUND IN OUR MEETINGS YESTERDAY AND TODAY THAT THE TOTAL PROGRAM WAS NOT YET COMPLETE AND WE DECIDED TO GIVE OURSELVES THE ADDITIONAL TIME NECESSARY TO FINISH IT.

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PAGE 03 OECD P 17131 02 OF 03 021428Z

12. THE LONG-TERM COOPERATION PROGRAM HAS TWO OBJECTIVES. FIRST, TO REDUCE CONSUMPTION AND, SECOND, TO PROVIDE INCENTIVES FOR INVESTMENT IN NEW PRODUCTION. THE GOVERNING BOARD FOUND THAT IT NEEDED ADDITIONAL INFORMATION REGARDING THESE OBJECTIVES. WE NEED TO KNOW WITH MORE PRECISION HOW MUCH ENERGY WILL BE PRODUCED WITHIN THE IEA AREA IN 1975-76, AND HOW MUCH ENERGY WILL BE CONSUMED IN OUR COUNTRIES, TAKING INTO ACCOUNT CONSERVATION MEASURES. THIS WILL PROVIDE US FIGURES FOR THE NET IMPORT/EXPORT SITUATION OF THE GROUP AND WILL ENABLE US TO SEE IF THE MEASURES WE PROPOSE TO TAKE WILL BE ADEQUATE. WE ALSO NEED THIS INFORMATION IN ORDER TO DETERMINE WHETHER COUNTRIES ARE MAKING COMPARABLE EFFORTS, SINCE PROGRAM HAS ALWAYS BEEN CONSIDERED TO REQUIRE A BALANCE OF EFFORTS.

13. LACK OF COMPLETE INFORMATION CONCERNING THESE ELEMENTS IS THE FIRST REASON WHY WE DID NOT SET THE LEVEL OF THE MSP AT THIS MEETING. THERE WAS A SECOND REASON. WE NEED TO BASE THIS DECISION ON A JUDGMENT AS TO HOW MUCH INVESTMENT, AND THEREFORE ENERGY, A GIVEN MSP LEVEL CAN BE EXPECTED TO BRING FORTH. MORE DATA IS NEEDED ON THIS ASPECT ALSO.

14. A THIRD REASON FOR NOT SETTING THE MSP AT THIS TIME IS OUR DESIRE TO RESUME THE DIALOGUE BEFORE DECIDING ON

A PRECISE LEVEL. THE MSP COULD BE MISUNDERSTOOD BY PRODUCING COUNTRIES AS DIRECTED AGAINST THEM. WE CAN, AND WILL WANT TO, EXPLAIN THAT IT IS NOT, AND DO SO IN THE CONTEXT OF THE DIALOGUE. WE ALSO FELT MORE WORK WAS

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PAGE 01 OECD P 17131 03 OF 03 021429Z

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NRC-07 /138 W

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O R 021412Z JUL 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 7796

INFO AMEMBASSY ABU DHABI

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PAGE 02 OECD P 17131 03 OF 03 021429Z

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UNCLAS SECTION 03 OF 03 OECD PARIS 17131

NECESSARY IN ORDER TO HAVE A CHANCE TO EXPLAIN TO PRODUCERS THE DIFFERENCE BETWEEN THE MSP WHICH IS DEVELOPED FOR INTERNAL ECONOMIC REASONS WITHIN THE GROUP, AND THE POSSIBLE EVENTUAL EQUILIBRIUM PRICE TO BE NEGOTIATED WITH THE PRODUCERS.

15. FINALLY, SINCE LONG-TERM COOPERATION IS A PACKAGE WE NEED TO DEVELOP FURTHER CERTAIN ELEMENTS OF THE PROPOSED AGREEMENT, INCLUDING PROJECT-BY-PROJECT COOPERATION, ACCESS TO ENERGY PRODUCED IN IEA COUNTRIES, AND ENERGY RESEARCH AND DEVELOPMENT. WE WILL RETURN TO THESE SUBJECTS AT OUR MEETING AT THE END OF JULY.

16. THERE ARE DIFFERENCES AMONG IEA COUNTRIES ON THE APPROPRIATE LEVEL FOR THE MSP, BUT OUR CONFIDENTIAL DISCUSSION OF THE RANGE OF POSSIBLE PRICES SHOWED THAT THE DIFFERENCES ON THE RANGE ARE FAR LESS THAN EXPECTED.

17. BEFORE IT CONCLUDES, THIS MEETING OF THE GOVERNING BOARD WILL SET DEADLINES FOR THE REFINEMENT AND COMPLETION OF THE VARIOUS ASPECTS OF THE LONG-TERM COOPERATION PACKAGE, INCLUDING THE MSP, IN ORDER THAT THE OVERALL PROGRAM CAN BE ADOPTED BEFORE THE END OF THE YEAR.
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Message Attributes

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Disposition Approved on Date:
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Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Previous Handling Restrictions: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IEA GOVERNING BOARD: DAVIGNON PRESS CONFERENCE
TAGS: ENRG, OECD, (DAVIGNON, CHARLES P)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006